

STATE OFFICE *of* RISK MANAGEMENT
WORKFORCE PLAN
Fiscal Years 2011 – 2015

A. Overview of Agency Scope and Functions

The State Office of Risk Management's goal is to administer the State's workers' compensation program for state employees in a manner that balances consideration for the rights and needs of the state worker with the protection of the legitimate interests of the State of Texas. This is a dynamic approach that involves assessing and addressing risks that either threaten the achievement of the State's strategic objectives or represent opportunities to exploit chances for competitive advantage.

The Office expects organizational change in the next five years to enhance its ability to further the mission of the agency. Growth in the agency's Return to Work, Disability Management, and Business Continuity programs will improve state agencies' ability to address risk more immediately, thereby limiting the cost to the State. Adding additional lines or expanding availability of insurance will provide client agencies a way to transfer the cost of risk, including the cost of rebuilding and repairing state property as a result of such natural disasters as hurricanes, tornados, and fire.

The Office is administratively attached to the Office of the Attorney General. The Supply and Demand Analysis in this report does not reflect the significant contribution in administrative support (payroll, benefits administration, etc.) made by the OAG.

B. Mission Statement and Philosophy

Mission

The State Office of Risk Management will provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the state's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

Philosophy

The State Office of Risk Management will act in accordance with the highest standards of ethics, fairness, accountability and humanity for both our customers and our employees. Customer service is a cornerstone of our mission.

C. Core Business Functions

1. Strategy - Risk Management Program

The Office establishes statewide risk management guidelines; works with agencies to develop programs that meet the guidelines; conducts on-site risk management program reviews; and sponsors various lines of insurance coverage to assist client agencies in financing their identified risks. In that capacity, the Office serves as a full service insurance manager for participating agencies. The Office also administers issuance of Surety Bonds and Notary Public Bonds.

2. Strategy - Pay Workers' Compensation

The Office receives and reviews all claims for workers' compensation in accordance with state law and administrative regulations, determines eligibility for medical and indemnity benefits, determines the injured employee's weekly wage and indemnity payment rate, and requests payment through the Comptroller as required.

D. Anticipated Changes to the Mission, Strategies, and Goals over the Next Five Years

The Office's core mission is not expected to change in the next five years; however, changes to our objectives, strategies and goals are expected.

Health Care Networks

The introduction of health care networks into the workers' compensation system has the potential to significantly affect the agency, its operations, and the cost to the State. The Office is actively analyzing options respecting State participation in a certified Workers' Compensation Health Care Network (WCHCN) to determine if participation is feasible and cost-effective.

Medical Cost Containment Services

The agency currently outsources medical cost containment services, including bill review/audit, preauthorization, medical utilization review, and case management. Historically the agency has secured these services through an RFP process with a 5 (five) year term contract. The transition period that results from a change in vendors every five years requires extensive time and resources spent establishing systems compatibility and operational specifications, and places the agency at risk of failing to meet statutory deadlines and other mandates. The Office will explore all options for minimizing or eliminating potential exposures and efficiency losses from vendor transition.

Return to Work and Disability Management

The Office is committed to providing injured state employees with the highest quality medical services for their work related injury or illness. This is essential in returning state employees to meaningful, productive employment in performing the duties and responsibilities for which they were hired. Insufficient resources have resulted in problems recruiting applicants with the necessary medical background to provide disability and medical oversight. Disability management ensures the best possible medical care for injured workers, as well as saving the State the cost of over utilization. The Office is committed to overcoming this challenge and will investigate possible funding solutions.

Distance Learning Program

The agency offers health and safety training to approximately 185,000 employees covered by the Office. Although, over the years, we have increased the annual number of students trained, the Office averages only 3,744 students each year. As the internet becomes more available at state agencies, and with the influx of a younger, more tech savvy workforce, e-learning becomes an efficient, effective, and economical training tool. Providing online training will increase the number of state employees receiving training, making state agency offices safer in which to work, and overall raising health and safety awareness among the State's employees.

In addition to expanding the reach of the training program, the availability of online training frees up the agency's Risk Specialists to assist client agencies with risk management issues that are more appropriately handled in person.

Technology and Information/Content Management

The Office anticipates an increased emphasis on technology as a tool to streamline work processes, improve services available to our clients, and enhance business continuity in times of emergencies.

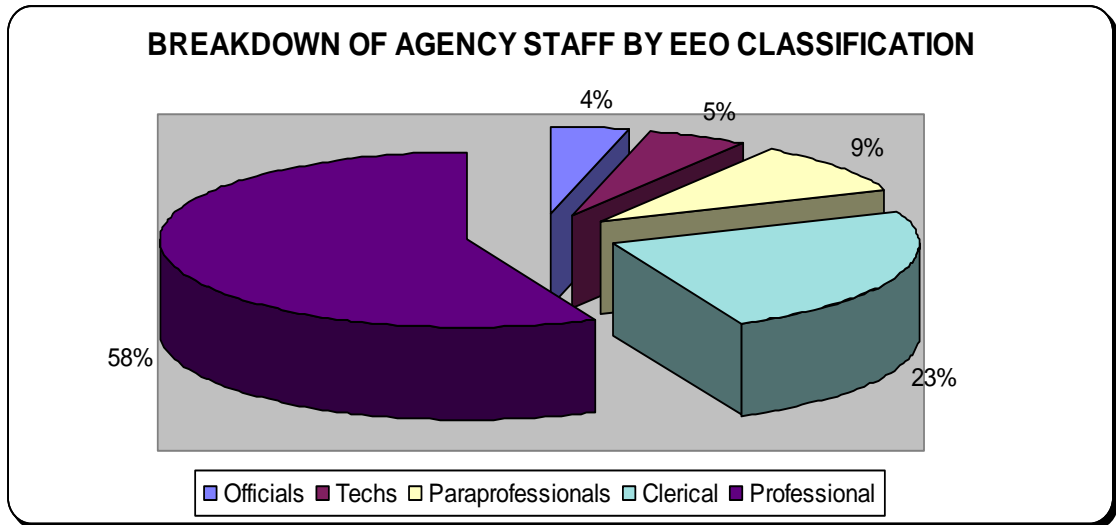
The Office will expand the data storage warehouse currently housing claims documents to include the management of mission critical administrative documents in a secure environment. Programming to establish the new document classifications (for retrieval purposes) will be completed in-house by agency IR staff. Digital storage of essential agency papers is not only a solid risk management strategy, it also provides content management and excellent search and retrieval tools for staff.

State Insurance Program

The State Insurance Program will continue to evolve and provide state agencies with insurance options that are cost effective and protect the State's properties.

E. Supply Analysis – Current Workforce Profile

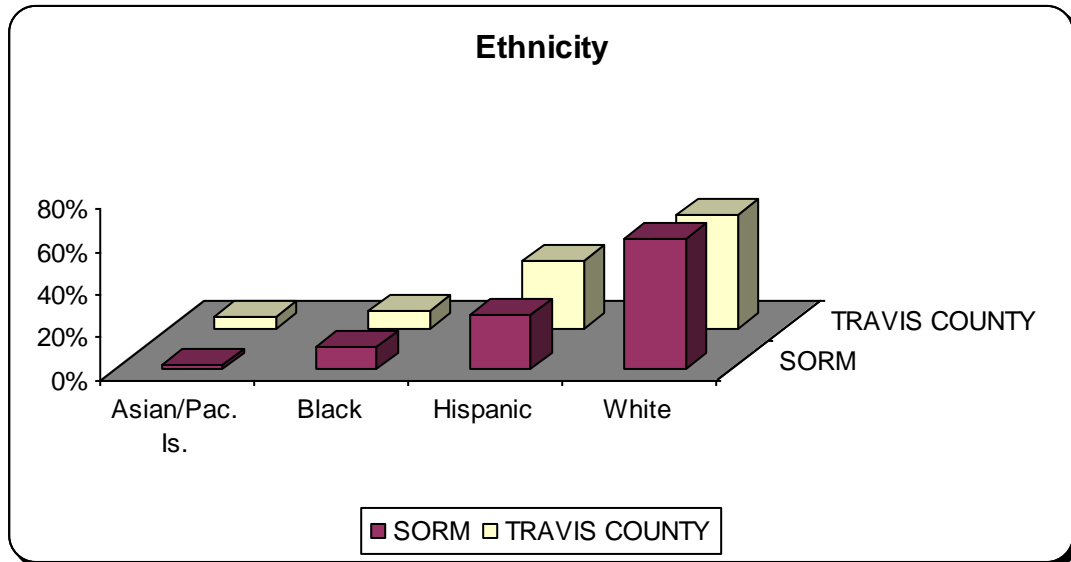
1. The State Office of Risk Management is authorized for 126 full-time equivalent (FTE) positions. These positions are allocated as follows:



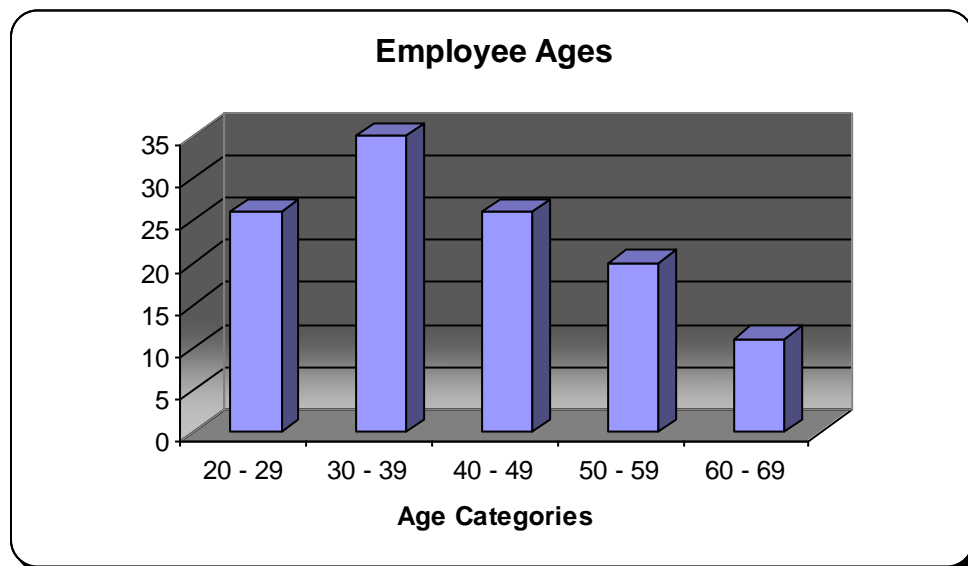
The chart includes Claims Assistants as part of the clerical section. Claims Assistants are entry level claims adjusters who administer no-lost-time claim files. They are exempt from earning overtime by the Department of Labor under the “Administrative Exemption”. Moving Claims Assistants out of the clerical area and into professional, as all claims adjusters are classified by the DOL, brings the agencies percentage of staff operating in clerical positions to 14%.

2. The following charts demonstrate the make up of agency personnel, including tenure. All agency personnel are located in Austin and the agency’s diversity reflects that of the local labor pool.

The ethnicity of the agency breaks down as 2% Asian/Pacific Islander, 10% Black, 29% Hispanic and 61% White – non Hispanic.



The agency's culture of innovation attracts young, educated employees. The median age of a SORM employee is 39 years old. 89% of the employees hired during FY08 – 09 had at least an undergraduate degree. 55% of the all agency personnel are degreed.



Because the average number of years of state service for SORM employees is only 9 (nine) years, retirement is not expected to be a workforce factor for several years.

3. Current Workforce Skills

The following skills are currently used by agency staff to successfully accomplish critical functions:

- Workers' compensation claims administration
- Medical / disability management
- Insurance underwriting
- Risk management

Agency employees also need skills in the following areas:

- Customer service
- Problem solving
- Multi-tasking
- Proficiency with computer/technology
- Research and analysis
- Negotiation and dispute resolution

F. Demand Analysis – Future Workforce Profile

In addition to the skill sets listed above, the following additional skills will be needed to meet the challenges of the future:

1. The Office anticipates the need for employees more highly trained in the medical field. Both the Medical/Disability Management and Return to Work programs will depend on more staff who possess knowledge of occupational diseases and injuries, established treatment guidelines, and the analytical skills to recommend a course of action based on individual cases.
2. Addressing statutory and administrative changes and challenges in the medical cost containment function may require an increase the agency's need for personnel trained in medical cost containment, including network/non-network claims expenditures and other specific directives and initiatives.
3. Expanding the agency's distance learning program by producing podcasts and training videos targeting relevant health and safety will require staff with skills in media editing, filming, and production.

4. An increased workload due to increased interest in insurance purchases by client agencies will require skill sets in advanced negotiation and contract administration.
5. Professional training/certification for agency staff ensures staff possess the skills and knowledge necessary to meet the challenges our State faces. Industry trends are communicated effectively through participation in professional associations.

G. Gap Analysis

1. The agency anticipates that evolving technology will continue to offer opportunities to automate processes, requiring fewer employees with filing, data entry, and general clerical skills and more staff with the technological skills to fully utilize the agency's continually evolving computer systems.
2. Recruiting employees with training and experience in occupational medicine and treatment guidelines has been challenging, however, the agency will continue to pursue candidates with these critical skills.
3. The agency realizes that in times of change and challenge, leadership on all levels is essential to success. Management staff will need to enhance managerial skills needed to motivate staff, manage change, communicate goals, and encourage innovation.

H. Strategy Development

1. The agency will transition to a technology based program by ensuring that computer and technological proficiency is a standard for all positions. Future vacancies will require computer competency relative to the job. Current employees will be provided training that will improve work productivity and efficiency using automated processes.
2. To address the problem the agency has had recruiting qualified medical staff, the agency will continue to identify candidates through the hiring process, as well as provide training and mentoring to current staff to develop the skills necessary in the disability management and return-to-work programs.
3. Continue to concentrate on leadership development. The agency will periodically assess the leadership and development opportunities for all levels of management, including the Governor's Center for Management Development.
4. The agency will continue to encourage staff members to obtain professional certification, and support the agency's membership in professional organizations.